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SENSITIVE  
SIPDIS

DEPARTMENT FOR EE/TPP/ABT/ATP SPECK  
DEPT PASS TO USTR-AGAMA  
TREASURY FOR PETERS AND HALL  
DOC FOR 3317/ITA/OA/KBURRESS AND 3130/USFC/OIO/ ANESA/DHARRIS  
USDA/FAS FOR MAURICE HOUSE, DOROTHY ADAMS

E.O. 12958: N/A

TAGS: [EAGR](#) [ECON](#) [ETRD](#) [EAID](#) [EFIN](#) [PREL](#) [NI](#)

SUBJECT: NIGERIA: FAVORABLE RAINY SEASON INCREASES GRAIN YIELDS

¶1. (U) Summary: Foreign Agriculture Service Attach (FASOff) and EconOff visited Nigerian's grain belt from October 13-17. It was noted that Nigeria's grain production in 2008 is up sharply from the poor harvest of 2007, especially for corn, because farmers planted larger areas and rainfall patterns were consistent and well distributed during the growing season. Larger harvests have led to a drop in grain prices in recent weeks. A good harvest season is a positive for farmers; however they face problems with storing crops.

Due to a lack of storage facilities and processing capabilities, farmers are forced to sell crops when supplies are high and prices low. Many farmers are forming cooperatives to improve access to fertilizers and storage containers. The good harvest should allay fears of possible food supply shortages in 2008 and early 2009. End Summary.

¶2. (U) EconOff and FASOff visited Nigeria's grain belt (Nassarawa, Plateau, Kano, Katsina and Kaduna States) October 13-17 to meet local officials, and assess the harvest. Grain production in 2008 is up sharply from the poor 2007 harvest, with large increases in corn, sorghum, millet, soybeans, rice and cowpea. These more bountiful harvests were a result of two major factors: beneficial rain fall patterns and expanded planted area. However, growth was limited somewhat in 2008 due to the poor availability of fertilizer (Septel).

#### Beneficial Rainfall Patterns

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¶3. (U) In 2007 rainfall patterns in the key growing areas of northern Nigeria were erratic. The rains ended suddenly at the end of in September-early for Nigeria--and the late-season dryness negatively impacted yields.

¶4. (U) Rainfall has been nearly optimal for key crops during the 2008 growing season. Although rainfall amounts were down from 2007, there were more rainy days (58 compared to 50 in 2007) and the rain was evenly distributed throughout the growing season. Also, in 2008 rain in the north extended longer than usual, and as of October 17 rain was still falling in Kano. This late rain will boost yields in late-maturing sorghum.

#### Expanded Planted Areas

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¶5. (U) Because grain prices were very high in 2007, farmers planted larger areas, including new land and switched to more grain crops in 2008, which also has led to increased harvests. Some farmers have continued to shift from cotton planting to grains because demand for cotton is down as a result of the textile industry's collapse. Corn planting areas have continued to expand farther north into

traditional sorghum areas due to use of new early maturing corn varieties. Moreover, returns and yields for corn were significantly higher than for sorghum.

#### Prices Begin to Fall

16. (U) Bountiful harvests have caused prices to fall from the very high 2007 levels. All major crops (with the exception of cotton) significantly increased production in 2008, with corn up 25%, and millet, sorghum, soybean and rice up more than 10%. In the past few weeks prices for soybeans have fallen 20% while those of other grains have fallen by nearly 30%. Traders at the Dawanau International Grains Market in Kano (the largest grain market in West Africa) told EconOff and FASOff that prices are expected to continue falling in coming weeks as new crop supplies hit the market.

#### Storage and Processing Capabilities

17. (SBU) EconOff and FASOff visited the Plateau State Ministry of Agriculture and Natural Resources on October 13. The state commissioner reported the harvest was one of the best due to good rains and the absence of flooding. However, there is a problem in handling the post harvest crops because farmers do not have processing capabilities--a problem for most farmers in Nigeria. According to the Commissioner, Plateau State produces nearly all of the potatoes in the country but has no capability to process potatoes into chips. The state will partner with an Israeli agricultural company and set up three farm training centers for dairy, vegetables, and other crops.

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18. (U) Farmers and local officials lamented that insufficient storage facilities and the lack of processing are major problems nationwide. To better cope some farmers are forming cooperatives to find storage facilities. Several state governments are buying crops from farmers and storing them in state owned silos. The lack of storage facilities results in farmers being forced to sell all their crops at the worst possible time - at the end of the harvest, when supply is large and price low. Concurrently, local and state governments buy the crops from the farmers when prices are low, and resell them in the market when prices increase.

19. (U) This message was coordinated with ConGen Lagos.

SANDERS